



Auditor of Public Accounts  
Adam H. Edelen

**FOR IMMEDIATE RELEASE**

**Contact: Stephenie Steitzer**  
[stephenie.steitzer@auditor.ky.gov](mailto:stephenie.steitzer@auditor.ky.gov)  
**502.564.5841**  
**513.289.7667**

**Edelen Releases Audit of Estill County Sheriff's Office**

**FRANKFORT, Ky.** – State Auditor Adam Edelen today released the audit of the 2011 financial statement of Estill County Sheriff Gary Freeman. State law requires the auditor to annually audit the accounts of each county sheriff. In compliance with this law, the auditor issues two sheriff's reports each year: one reporting on the audit of the sheriff's tax account and the other reporting on the audit of the fee account used to operate the office.

The audit found that the sheriff's financial statement presents fairly the revenues, expenditures, and excess fees of the Estill County sheriff in conformity with the regulatory basis of accounting.

As part of the audit process, the auditor must comment on non-compliance with laws, regulations, contracts and grants. The auditor must also comment on material weaknesses involving the internal control over financial operations and reporting.

The audit contains the following comments:

**The Sheriff did not invest funds in an interest-bearing account .** The Sheriff deposited fee account funds into a non-interest bearing account. KRS 66.480 states that the Sheriff may, and at the direction of the fiscal court shall, invest and reinvest money subjected to their control and jurisdiction. Prudent financial management dictates that the Sheriff take advantage of earnings potential by depositing funds into interest-bearing bank accounts. We recommend the Sheriff begin utilizing interest bearing bank accounts in future years.

*Sheriff's response: OK.*

**The Sheriff's office lacks adequate segregation of duties.** The Sheriff's office lacks adequate segregation of duties for receipts, disbursements, and reconciliation. The bookkeeper collects receipts, records transactions, issues checks, posts amounts the receipts and disbursements ledgers, and reconciles each account. Good internal controls dictate the same employee should not handle

and record receipts and disbursements and reconcile. The Sheriff should either segregate these duties or perform and document by initialing the following compensating controls to help offset this weakness.

- Agree daily deposits to the daily checkout sheet and the receipts ledger.
- Agree quarterly financial reports to the receipts and disbursements ledger.
- Review monthly bank reconciliations.
- Compare the bank reconciliations to the balance in the checkbook.
- Compare invoices to payments.
- Perform and document surprise cash counts of receipts.

*Sheriff's response: I understand and will attempt to fix.*

The sheriff's responsibilities include collecting property taxes, providing law enforcement and performing services for the county fiscal court and courts of justice. The sheriff's office is funded through statutory commissions and fees collected in conjunction with these duties.

The [audit report](#) can be found on the auditor's website.

###

*The Auditor of Public Accounts ensures that public resources are protected, accurately valued, properly accounted for, and effectively employed to raise the quality of life of Kentuckians.*

*For more information, visit [auditor.ky.gov](http://auditor.ky.gov) and follow Auditor Edelen on Twitter @AuditorKY, [facebook.com/AuditorKY](https://facebook.com/AuditorKY) and [youtube.com/AuditorKY](https://youtube.com/AuditorKY). Call 1-800-KY-ALERT or visit our website to report suspected waste and abuse.*